

## Message Text

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ACTION COME-00

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FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 0765

INFO AMCONSUL DHAHRAN

UNCLAS JIDDA 2307

E.O.: 11652: N/A

TAGS: BEXP, SA

SUBJ: PREQUALIFICATION OF FIRMS FOR DEEDGING OF JUBAIL PORT

REF : STATE 66241

1. SERIOUSLY DOUBT THAT THIS IS A CASE OF PREJUDICIAL EXCLUSION OF U.S. FIRMS. SAG HAS ALWAYS WELCOMED AND ENCOURAGED PARTICIPATION OF U.S. FIRMS. DEPARTMENT WILL RECALL THE CASE OF THE NEW JIDDA INTERNATIONAL AIRPORT CONTRACT, FOR WHICH SAG WAS MOST ANXIOUS TO SEE AMERICAN BIDDERS BUT WHICH REQUIRED THE MOST STRENUOUS AND PROTRACTED EFFORTS OF THE EMBASSY AND USDOC TO SECURE EVEN A SINGLE U.S. COMPETITOR.

2. PREQUALIFICATION OF BIDDERS IS A COMMON TECHNIQUE EMPLOYED BY SAG TO AVOID THEIR FREQUENT EXPERIENCE OF BEING DELUGED WITH AN UNMANAGABLE NUMBER OF PROPOSALS. IT WOULD BE CONSIDERED POOR MANAGEMENT PRACTICE AND COMPLETELY UNDERCUT THE PURPOSE OF LIMITED BIDDERS' LISTS WERE SAG TO ALLOW POST-FACTO ADDITIONS ON DEMAND.

3. WE DO NOT RULE OUT THE POSSIBILITY THAT, AS A BRITISH FIRM, THE CONSULTANT TRIED TO LOAD THE BIDDERS LIST WITH BRITISH CONTRACTORS. WE WILL TAKE THE FIRST APPROPRIATE OPPORTUNITY TO DISCUSS THIS CASE WITH THE MINISTRY; HOWEVER TO MAKE A REASONABLE PRESENTATION WE WILL NEED EVIDENCE OF EMINENTLY QUALIFIED U.S. FIRMS WHICH ATTEMPTED TO GET ON THE LIST BEFORE

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IT WAS CLOSED REPEAT BEFORE IT WAS CLOSED AND WERE NEVERTHELESS

SHUT OUT.

4. IN THE MEANTIME WE OFFER THE FOLLOWING INTERIM REPLIES TO THE QUESTIONS POSED IN PARA 2 OF REFTEL:

(1) SEE PARA 2 ABOVE.

(2) PROBABLY NOT PUBLICLY ADVERTISED SINCE SAG IN GENERAL HAS QUITE ENOUGH APPLICATIONS WITHOUT PUBLIC ADVERTISING. HOWEVER THIS EMBASSY, THROUGH USDOC'S BUSINESS INFORMATION PROGRAM, HAS IN GENERAL FREQUENTLY ADVISED U.S. FIRMS TO SUBMIT PRE-QUALIFICATIONS DATA (E.G., PAGE 15 OF THE JULY, 1974, ECONOMIC TRENDS REPORT) AND IN PARTICULAR DID REPORT THE JUBAIL PORT PROJECT (C.F. PAGE 12 OF THE JULY, 1974 TRENDS REPORT; PARA 2 OF JIDDA 2835, MAY 22, 1974; JIDDA A-98, DECEMBER 22, 1974 (MAJOR PROJECTS LISTING)).

(3) IN VIEW OF PRIOR NOTIFICATIONS CITED ABOVE, U.S. FIRMS OBVIOUSLY HAD OPPORTUNITY TO PRE-QUALIFY.

(4) EMBASSY WILL ATTEMPT TO IDENTIFY THE SEVEN PREQUALIFIED FIRMS. IF IT SHOULD HAPPEN THAT THERE ARE NO U.S. FIRMS AMONG THEM WE CAN EXPLORE WITH MINISTRY THE POSSIBILITY OF RE-OPENING BIDDERS' LIST. IT MUST BE KEPT IN MIND HOWEVER THAT AT BEST WE HAVE NO A PRIORI GROUNDS FOR INSISTING ON SUCH AN EXTRAORDINARY PROCEDURE. IN THE LIGHT OF CURRENT ANTI-SAUDI PROPAGANDA IN THE U.S., INCLUDING EFFORTS TO EXCLUDE SAUDI BUSINESS INVESTMENT, WE ARE IN A VERY WEAK POSITION TO BE BRINGING UP ISSUES OF "EXCLUSION". TO ASSIST OUR PRESENTATION, REQUEST TELEGRAPHIC SUMMARY OF GREAT LAKES DREDGE AND DOCK CO.'S QUALIFICATIONS; REPORT OF HOW AND TO WHOM OPPORTUNITY WAS DISSEMINATED AND NATURE OF RESPONSE FROM U.S. COMPANIES; AND ARGUMENTS WE MIGHT USE AS TO WHY IT WOULD BE TO THE MINISTRY'S ADVANTAGE TO RE-OPEN BIDDING LIST AT THIS POINT.  
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